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ABSTRACT

The Bright Futures Scholarship testing program in Florida currently requires all scholarship recipients to make at least five acceleration attempts. The program can produce savings, but only if students pass the tests and use the credits earned to graduate more quickly from college. However, students graduating from Florida public universities in 2001-2002 used only 51% of the College-Level Exam Program (CLEP) credits they had earned. If Bright Futures students use a similar percentage, the program's costs will outweigh its benefits. Voluntary CLEP testing would reduce state costs while still encouraging students to use the CLEP testing program to accelerate their graduation. In addition, the Florida Legislature should require students who take more than 115% of the credits required for their degree to pay for the full cost of tuition. This will save the state $30 million by reducing the number of extra courses taken or increasing tuition revenues from excess credits. (SLD)

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Voluntary Bright Futures Scholarship Testing Program Would Reduce Costs

OPPAGA

April 2003

Report No. 03-31

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Information Brief

April 2003 Report No. 03-31

Voluntary Bright Futures Scholarship Testing Program Would Reduce Costs

at a glance

The Bright Futures Scholarship testing program currently requires all scholarship recipients to make at least five acceleration attempts. The program can produce savings, but only if students pass the tests and use the credits earned to graduate more quickly from college. However, students graduating from Florida public universities in 2001-02 used only 51% of the CLEP credits they had earned. If Bright Futures recipients use a similar percentage, the program's costs will outweigh its financial benefits.

Voluntary CLEP testing would reduce state costs while still encouraging students to use the CLEP testing program to accelerate their graduation. In addition, the Legislature should require students who take more than 115% of the credits required for their degree to pay for the full cost of tuition. This will save the state $30 million by reducing the number of extra courses taken and/or increasing tuition revenues from excess credits.

Scope

The Florida Legislature directed OPPAGA to review the Bright Futures Scholarship testing program based on the performance of 2002-03 Bright Futures recipients and evaluate the program's cost-effectiveness. This report expands on our presentations to the Legislature and provides preliminary findings based on information from July 1, 2002, through December 31, 2002.

Background

The 2002 Legislature established a requirement that all Bright Futures recipients complete at least five acceleration attempts.[1] The purpose was to help students graduate more quickly and reduce state costs. The state generally pays approximately 75% of the cost of college courses taken by state residents. However, the state pays between 94% and 100% of the tuition for Bright Futures recipients.[2] As a result, the state can save up to $164 for each credit hour earned by students who subsequently use these credits to graduate early. Students can accelerate their college careers by earning college credit through Dual

[1] Florida law (s. 1009.539, *Florida Statutes*) defines the acceptable acceleration mechanisms as Dual Enrollment courses and Advanced Placement, International Baccalaureate, and the College-Level Exam Program (CLEP) test.

[2] The state subsidizes about 75% of the cost of college education for all Florida students. The remaining 25% is paid by students through tuition and fees. Florida Academic Scholars receive scholarships for 100% of the remaining tuition and fees so the state effectively pays for all of their instructional costs. For a Medallion Scholar, the state pays 75% of the remaining tuition and fees. That means the state effectively pays about 94% of the cost of instruction (75% + 75% of the remaining 25%).

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Enrollment classes or by passing Advanced Placement and International Baccalaureate exams while in high school.[3] Bright Futures recipients who do not make at least five such attempts while in high school must complete the remaining attempts by taking College-Level Exam Program (CLEP) tests. CLEP tests are provided by the College Board, a non-profit association that also manages the SAT test. The CLEP tests are available in over 20 subject areas and students can earn three or six college credit hours for each test depending on the subject and their score.

Most of the required acceleration attempts will be CLEP tests. Exhibit 1 shows that 2002-03 Bright Futures recipients must complete a total of 154,120 acceleration attempts. By the start of the fall 2002 semester, recipients had completed 55,693 (36%) of the required attempts, leaving 98,427 (64%) to be completed through CLEP tests. The number of attempts made before starting college varied by type of recipient; academic scholars met 71% of their required attempts while Medallion scholars met 27%.

Exhibit 1
Bright Futures Recipients Will Have to Take 98,247 CLEP Tests to Meet the Requirements of the Testing Program

	Florida Academic Scholars	Florida Medallion Scholars	All Recipients
Bright Futures recipients	6,073	24,751	30,824
Total attempts required	30,365	123,755	154,120
Attempts satisfied before start of fall semester	21,685	34,008	55,693
Required attempts to be completed through CLEP tests	**8,680**	**89,747**	**98,427**

Source: Office of Student Financial Aid.

[3] Dual Enrollment courses taken with a Florida community college automatically transfer as a college credit. Students must score high enough on Advanced Placement and International Baccalaureate tests to earn college credit.

Program costs

The costs of the Bright Futures testing program in Fiscal Year 2002-03 include the fees paid to the College Board and the expenses associated with administering the CLEP tests (see Exhibit 2). The College Board receives $46 for each CLEP test, which equates to $4.5 million for all of required tests in 2002-03. In addition, to help defray the administrative costs incurred by the colleges and universities, the Legislature provided $15 per exam to the colleges and universities administering the tests, which equates to $1.5 million. Thus, state funding for the testing program will be an estimated $6 million for 2002-03.

Exhibit 2
State Funding for the Testing Program Will Be Approximately $6 Million

Costs July 1, 2002, through December 31, 2002	
Number of exams taken	44,193
Payments to College Board	$1,987,108
Payments to universities and community colleges	624,285
Total Payments through December 31, 2002	**$2,611,393**
Costs January 1, 2003, through July 31, 2003	
Number of exams remaining to meet requirement	55,622
Remaining payments to College Board	$2,558,612
Remaining payments to universities and community colleges	834,330
Total Estimated Payments January 1, 2003, through July 31, 2003	**$3,392,942**
Total, 2002-03	**$6,004,335**

Source: OPPAGA analyses of DOE data.

The $1.5 million provided to community colleges and universities to administer the program likely will not cover their total costs. These institutions report that they incurred an additional $2 million in recurring and non-recurring costs to administer the program during the July–November 2002 period (see

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Exhibit 3).[4] The non-recurring costs include upgrades to testing centers and computer hardware and software. The recurring costs include new staff hired to administer the increased numbers of tests and provide student advising.[5] The costs reported by individual community colleges and universities varied substantially due largely to differences in the number of students tested at each college and university, which produced varying economies of scale.[6] It is not clear whether or not those costs would decrease in a second year of the program.

Exhibit 3
Community Colleges and Universities Reported $2 Million in Non-Reimbursed Costs to Administer the Testing Program

Universities	
Non-recurring costs reported	$ 728,947
Recurring costs reported	587,426
Reimbursement for administering tests	(486,105)
Non-reimbursed costs	830,268
Community Colleges	
Non-recurring costs reported	$ 566,705
Recurring costs reported	756,370
Reimbursement for administering tests	(138,180)
Non-reimbursed costs	1,184,895
Total Non-Reimbursed Costs Through November 30, 2002	**$2,015,163**

Source: OPPAGA analyses of college and university survey responses.

[4] In conjunction with the Divisions of Community Colleges and Colleges and Universities, we surveyed all public institutions. All but one replied, resulting in a 97% response rate. However, two colleges reported the personnel time spent on CLEP testing but did not include a cost estimate. These colleges were excluded from our analysis.

[5] In 2001-02 Bright Futures recipients took 1,039 CLEP tests compared to the 98,427 expected for 2002-03.

[6] Each institution calculated and reported its own costs. As a result, some of the differences in costs may be due to differences in what each institution chose to include as a cost and how that was calculated.

Findings

Low pass rates drive up costs

The requirement that all Bright Futures recipients complete a minimum of five acceleration attempts forces some students to take CLEP tests for which they are not prepared. As a result, the pass rate for CLEP tests has declined and many students are failing the exams. This in turn has driven up the cost to generate each college credit through the program and reduced its efficiency.

Exhibit 4 shows how changes in the test policy have affected pass rates. Prior to 2001-02, students took CLEP tests voluntarily and paid the test fee, and 70% of the students passed these tests. In 2001-02 the state paid for Bright Futures recipients to voluntarily take CLEP tests, and the passing rate fell to 57%. In 2002-03 the state began the testing program and the pass rate fell to 22% for the first six months of the fiscal year.

Community colleges and universities report two reasons why fewer students are passing CLEP tests. First, to meet the requirement to complete five acceleration attempts, students are reportedly taking tests for subjects in which they lack adequate preparation. For example, a student may take a CLEP test in a subject, such as chemistry, even though he or she did not take an advanced high school chemistry course or may not have taken it at all.[7] Second, there is no penalty if students do not pass the CLEP test. Consequently, some students may not study for the exam before taking it or they may simply try to fail, viewing the test as a burdensome requirement rather than an opportunity to accelerate their college careers.

[7] The pass rate for Bright Futures recipients taking chemistry CLEP tests is 0.3%.

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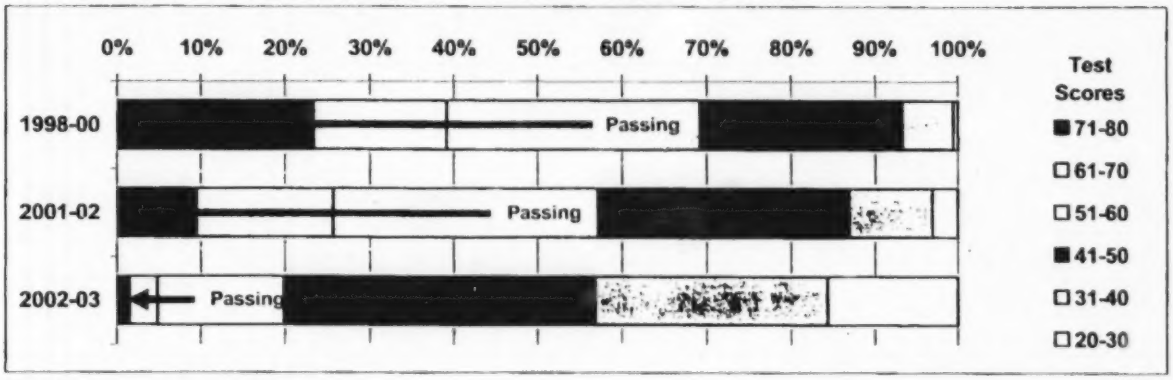
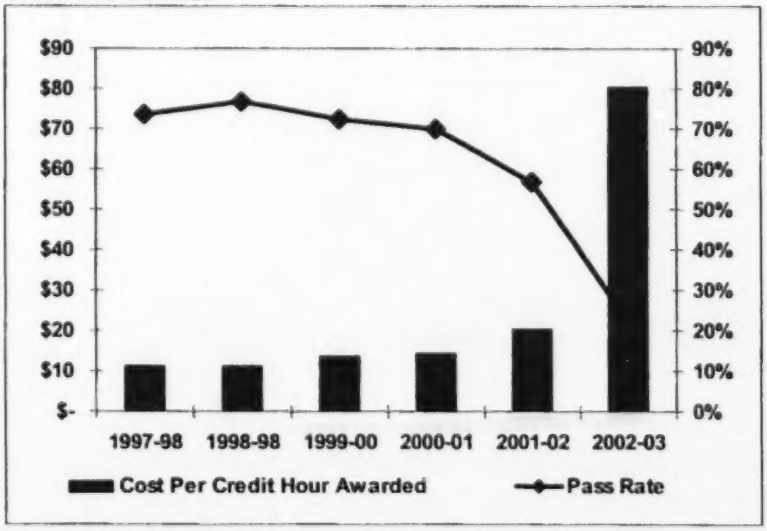
Exhibit 4
The Percentage of Students Passing CLEP Tests Has Fallen Substantially



Note: For most exams a passing score is 50.
Source: OPPAGA analysis of DOE data.

Because of the declining pass rate, the cost to generate each credit hour through CLEP testing has increased. Each test taken in 2002-03 cost $61, yet most tests (78%) did not generate college credits because the students did not pass. Exhibit 5 shows the relationship between declining test scores and the cost of the program. Between 1998 and 2001 the overall pass rate was over 70% and the average cost to generate a college credit through a CLEP test was $12.58. In 2001-02 the state began paying for students to take the exams voluntarily and the pass rate dropped to 57% while the effective cost per college hour earned rose to $20.35. In 2002-03 the testing program started and students were required to take CLEP tests if they had not completed five acceleration attempts. During the first semester of 2002-03 the CLEP pass rate fell to 22%, driving the average cost per credit hour generated to $80.50.

Exhibit 5
The Pass Rate Has Declined and the Cost to Generate Each College Credit Has Climbed



Note: Prior to 2001-02 the costs were paid by students and the institution where the test was taken.
Source: OPPAGA analysis of DOE data.

The testing program has created academic and administrative problems for institutions. University and community college administrators indicated that implementing the testing program has resulted in several problems. These included technical issues such as networking delays, database inaccuracies, and delays in receiving Bright Futures award packets and test scores. This makes it difficult for colleges and universities to determine how many tests a particular student needs and which ones the student is eligible to take. In addition, administrators reported that the Bright Futures database is not updated on a regular basis and that students frequently encounter problems in downloading CLEP study guides.

University and community college administrators also identified student advising problems. In both our focus groups and survey, staff at colleges and universities indicated that the requirements of the testing program make it harder to create course schedules. Most freshmen take a typical first semester schedule of general education courses, including English and history. However, if a student plans to take the CLEP test for a subject such as U.S. History I, they are advised not to register to take that course, even though they do not know if they will need to subsequently take the course if they fail the exam. As a result, advisors spend extra time trying to place freshmen in courses that will not conflict with the CLEP tests the students plan to take.

Finally, college and university administrators reported problems with student apathy. Administrators reported that students frequently do not show up for their scheduled tests, which wastes time slots in testing centers and increases costs.

As currently structured the program costs outweigh its benefits

The Bright Futures testing requirement has increased the number of CLEP credits generated, but the estimated savings are less than the program's $6 million estimated cost. The credits earned will save the state money only if students use them to substitute for traditional college courses and accelerate their graduations. Requiring students to make at least five acceleration attempts produced 33,486 credit hours during fall 2002 and could produce an estimated 39,000 during spring 2003.[8] Since most college courses are three credit hours, this equates to an estimated 24,100 courses earned by Bright Future recipients.

However, public university graduates in 2001-02 used just 51% of their CLEP credits to meet graduation requirements.[9] Because the 2001-02 graduates voluntarily took and paid for the CLEP exams, it is likely that they would use a higher percentage of the credits than will the Bright Futures recipients who were required to take the exams. But even if the 2002-03 class shows a similar outcome, only 37,000 hours of the hours earned through the Bright Futures testing program will be used to help these students graduate. As shown in Exhibit 6, this would save $5,790,000 in state tuition costs but at a cost of $6 million. Thus, as currently structured, the testing program will likely result in a net state cost of $210,000.

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[8] The spring 2003 estimate is based on the assumption that students complete all required attempts and the pass rate matches that of fall 2002.

[9] When students apply to graduate from a Florida university, the university evaluates each student's transcript to determine if he or she has met the graduation requirements. Credit hours earned by students that do not meet any graduation requirements are flagged and reported to the Department of Education. By definition, these credit hours do not help a student earn a degree and graduate but may improve academic preparation.

Exhibit 6
The Testing Program's Minimum Costs Outweigh Its Savings

	Florida Academic Scholars	Florida Medallion Scholars	Total
Estimated credit hours to be earned	13,200	59,100	72,300
Estimated credits students will use to graduate (51%)	6,800	30,300	37,000
Weighted state cost per credit hour	$175	$152	
Value of the credits earned through CLEP testing and expected to be used	$1,190,000	$4,600,000	$5,790,000
Estimated State Costs for 2002-03			$6,000,000
Net Cost			$ (210,000)

Note: The state costs per credit hour are based on the cost to the state to offer a lower division course plus the value of the Bright Futures scholarship. The cost is weighted by the proportion in community colleges and universities to adjust for the difference in costs. Because potential savings are estimates, all numbers are rounded.

Source: OPPAGA analysis of DOE data.

Options

The Legislature could consider several options for increasing the benefits of the testing program and reducing its costs.

Option 1. Reduce Bright Futures scholarships for students who pass CLEP tests. This option could produce savings by requiring students who earn CLEP credits to use them to meet graduation requirements. This would be done by reducing their Bright Futures scholarships by the number of credit hours that they earn via acceleration. Thus, students who earn 12 credits via acceleration would receive scholarship credit for 120 hours versus the 132 hours that are currently covered by the scholarships.

However, this option could have a negative impact by creating a disincentive for students to pass the CLEP tests. Students could interpret the reduction of their scholarships as a penalty for performing well on the CLEP tests, and those that wish to maximize their flexibility in taking courses could deliberately fail the exams.[10] University and community college administrators cited student apathy as one of the reasons for the high failure rate on the tests.

Option 2. Continue to require students to make at least five acceleration attempts but pay the exam cost only if students pass the test. This would create an incentive for students to prepare for the exams by requiring them to pay the $61 fee if they fail the test.[11] However, it could be onerous for students who are required to pass a college-level test even though they do not have the needed academic preparation; students would be required to pay $305 to take five CLEP tests if they fail each exam.

Option 3. Make the CLEP testing program voluntary. Under this option, the state would pay exam costs for Bright Futures recipients but would not mandate that all students complete five acceleration attempts. This would reduce costs but likely generate fewer credits. This option is similar to the situation in 2001-02 when Bright Futures students could volunteer to take state-funded CLEP tests. During that year, students took 1,039 CLEP tests and earned 2,349 credits at an average cost per credit hour earned of $20.35. By contrast we estimate a total of 72,300 credit hours will be earned by Bright Futures students taking mandatory tests in Fiscal Year 2002-03, at a cost of $80.50 per credit hour. If the 2003-04 Bright Futures recipients take 1,500 CLEP tests under

[10] The most likely concern among students is that earning college credit through a CLEP exam will reduce the value of their Bright Futures scholarships.

[11] This includes the $46 test fee and the $15 fee to the university or community college to administer the exam.

this scenario the net savings to the state would be $139,000. [12]

Option 4. Pay for CLEP tests for students who voluntarily take the tests and reward those who pass with a cash bonus. This option would create a direct incentive for students to take and pass the test. However, it is not likely to generate more credits than a voluntary program without the reward. Making CLEP testing voluntary will reduce the number of CLEP tests taken and thereby reduce the potential costs and benefits.

Paying students for passing the tests will generate a benefit to the state only if it encourages students to take and pass a test they otherwise would not have taken or encourages them to pass a test they otherwise would have failed. This is likely to be a small percentage of students. Many students will feel they cannot pass and will not take a CLEP test, regardless of the reward. Other students who want the college credit and feel they have a reasonable chance to pass would take a test with or without a reward.

Thus, offering these students a reward to pass a test will not generate additional benefits but will incur additional costs. As a result, we estimate that this option would generate a net savings for the state of $115,000, or $24,000 less than option 3. [13]

Recommendations

Given the uncertain benefits and high costs, we recommend that the Legislature discontinue the Bright Futures Scholarship testing program and instead pay for any student who chooses to take a CLEP test. This would reduce state costs by $5.9 million for Fiscal Year 2003-04 and would eliminate the requirement that currently forces students to take tests that they are not prepared to pass. By the time the 2003-04 recipients graduate, we estimate this would save the state an additional $139,000.

We also recommend that the Legislature require all students to pay full tuition for any credit hours they earn in excess of 115% of the degree requirements. The 1997 Legislature established a goal of students graduating with less than 115% of the credit hours required for graduation. However, there is no requirement that students do so, and the 2001-02 graduates exceeded this level by an average of 10 credit hours. We previously recommended this step in our 2001 report on the State University System. [14] A primary goal of the testing program is to accelerate students through college. Limiting the number of credit hours a student can earn while receiving state subsidized tuition achieves the same purpose but is better targeted and more efficient. Students who do not earn excess credits will not be affected and the allowance of 115% of the hours required for graduation provides students with some flexibility.

Under this option, students could take up to 115% of the hours required for graduation with state subsidized tuition. However, students would have to pay the full cost, or any applicable resident and non-resident matriculation fees, for any credits they take over 115% of their graduation requirements. This will save the state money by reducing the number of extra courses taken and/or increasing tuition revenues from excess credits. [15] The 2001-02 graduating class accumulated 347,481 in credit hours over 115% of their degree requirements, costing the state about $30 million. [16] Because this represents an

[12] Based on students using 51.2% of the credits earned and the pass rate matching the 2001-02 pass rate of 57%.

[13] This estimate was based on a pass rate 60% and a $25 reward for students who pass their CLEP tests.

[14] *Justification Review of the State University System*, Report No. 01-28, May 2001.

[15] In 1994, North Carolina imposed a policy of charging students 25% more for hours in excess of 110% of the amount needed for a degree. The results indicated that the average credit hours attempted and the average hours earned by North Carolina graduates have decreased.

[16] These credits include all graduates, not just those receiving scholarships, and all credits earned through dual enrollment or at a public university or community college. The savings would be greater ($63 million) if the excess hours charge was imposed on all excess hours, but this would greatly reduce student academic flexibility.

accumulated cost for one graduating class, if this recommendation were implemented the state would save money each year as each subsequent graduating class earned fewer state-subsidized credits.

This requirement would have a significant effect on a relatively small proportion of state university students. Over half of 2001-02 graduates had no credit hours in excess of 115% of graduation requirement. While the remaining students accumulated some excess credit hours, a small minority earned a significant number. Among 2001-02 graduates, 20% earned 82% of all of the credit hours over the 115% standard.

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